

Message Text

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ORIGIN SS-15

INFO OCT-01 ISO-00 SSO-00 /016 R

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DRAFTED BY:SVXS-OGCJWOLF

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FM SECSTATE WASHDC

TO CINCPAC HONOLULU HI

S E C R E T STATE 279663

EXDIS MILITARY ADDRESSEE HANDLE AS SPECAT EXCLUSIVE

FOLLOWING SINGAPORE 5075 SENT ACTION SECSTATE KUALA LUMPUR
NOV. 26; REPEATED TO YOU QUOTE

S E C R E T SINGAPORE 5075

EXDIS

DEPT ALSO PASS TO CINCPAC

E.O. 11652: GDS

TAGS: PFOR, MASS, SN

SUBJECT: GOS INTEREST IN OFFSETTING ARRANGEMENT ON MILITARY SALES

REFS: A) SINGAPORE 4179; B) STATE 261460

1. I ARRANGED LUNCHEON A DEUX NOVEMBER 25 WITH DEPUTY
PRIME MINISTER AND DEFENSE MINISTER DR. GOH KENG SWEE
TO FOLLOW UP DCM'S CONVERSATION OF OCTOBER GP WITH MINDEF
PERMSEC TAY SEOH HUA ON POSSIBLE GOS MILITARY SALES
"OFFSET" PROPOSAL (RFTel A). WHEN I BROUGHT UP THE
SUBJECT, DR. GOH ACKNOWLEDGED THAT GOS WAS INDEED THINKING OF
SUCH A PROPOSAL. I THEN WENT ON TO EXPLAIN DIFFICULTIES
THAT FORMAL ARRANGEMENT OF THIS NATURE WOULD POSE FOR US,

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BUT POINTED OUT THAT U.S. MILITARY EXPENDITURES IN

SINGAPORE WERE ALREADY HELPING CONSIDERABLY TO REDUCE THE BURDEN OF GOS MILITARY PURCHASES FROM THE U.S. TO REINFORCE MY POSITION, I HANDED DR. GOH A SHORT PAPER OUTLINING VARIOUS CATEGORIES OF U.S. MILITARY EXPENDITURE HERE IN FY 74 AND 75, NOTING THAT ESTIMATED AMOUNT THIS YEAR WAS OVER US\$19 MILLION (INCLUDING PERSONAL EXPENDITURES BY U.S. MILITARY PERSONNEL ON LEAVE IN SINGAPORE) AND THAT WHILE AIRCRAFT OVERHAUL HAD DECLINED POST-VIETNAM, SHIP REPAIRS HAD GONE UP (COPY OF PAPER BEING POUCHED TO EA/IMS).

2. I ALSO EXPRESSED BELIEF TO DR. GOH THAT NEW GSP REGULATIONS JUST SIGNED BY THE PRESIDENT WOULD FURTHER EASE BURDEN OF GOS MILITARY PURCHASES. I RECALLED THAT SINGAPORE EXPORTS TO U.S. IN 1974 HAD TOTALLED \$875 MILLION, AND ANTICIPATED A CONSIDERABLE EXPANSION IN 1976 AFTER GSP WENT INTO EFFECT. I URGED GOS TO MAKE CAREFUL SCRUTINY OF ITEMS ON LIST TO DETERMINE WHERE EXPORTS COULD BE INCREASED MOST ADVANTAGEOUSLY.

3. FINALLY, I MENTIONED THAT SINGAPORE HAD DERIVED ADDITIONAL BENEFITS FROM CONTRACT WORK AT DIEGO GARCIA

PERFORMED BY SINGAPORE-BASED AMERICAN COMPANY, OCEANEERING INTERNATIONAL. CONTACTS RECEIVED BY THIS FIRM AMOUNTED TO APPROXIMATELY US\$2.5 MILLION.

4. IN PRESENTING THIS INFORMATION TO DR. GOH, I TOLD HIM THAT THE U.S. GOVERNMENT WAS VERY APPRECIATIVE OF THE FACILITIES WHICH THE U.S. FORCES ENJOYED IN SINGAPORE THROUGH THE COOPERATION OF THE GOS, AND EXPRESSED CONFIDENCE THAT OUR APPRECIATION WOULD BE KEPT IN MIND IN SCHEDULING FUTURE SHIP VISITS AND REPAIRS HERE.

5. DR. GOH CHARACTERISTICALLY SIMPLY NODDED HIS HEAD WITHOUT ORAL COMMENT AS I MADE MY POINTS, BUT APPEARED TO REACT POSITIVELY. HOPEFULLY, I HAVE HEADED THE GOS OFF AT THE PASS ON A FORMAL APPROACH FOR AN OFFSET AGREEMENT. HOWEVER, IT IS POSSIBLE

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THAT WE MAY STILL HEAR FROM THEM IN THIS REGARD, AND IF SO, I BELIEVE THAT PRESENTATIONS MADE BY DCM AND BY ME SHOULD MAKE IT EASIER TO COUNTER GOS ARGUMENTS IN FAVOR OF A FORMAL AGREEMENT. HOLDRIDGE UNQUOTE KISSINGER

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